

April 22, 2022

EDWARD J. EMMONS, CLERK  
U.S. BANKRUPTCY COURT  
NORTHERN DISTRICT OF CALIFORNIA

Signed and Filed: April 22, 2022

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**DENNIS MONTALI**  
 U.S. Bankruptcy Judge

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Attorneys for California Department of Water  
 Resources, by and through the State Water Project

UNITED STATES BANKRUPTCY COURT  
 NORTHERN DISTRICT OF CALIFORNIA  
 SAN FRANCISCO DIVISION

In re:

PG&amp;E CORPORATION

- and -

PACIFIC GAS AND ELECTRIC  
COMPANY,

Reorganized Debtors.

Bankruptcy Case  
No. 19-30088 (DM)

Chapter 11

(Lead Case)

(Jointly Administered)

**ORDER REGARDING DISPUTE  
 BETWEEN DEBTORS AND CALIFORNIA  
 DEPARTMENT OF WATER RESOURCES**

- |                                     |  |
|-------------------------------------|--|
| <input type="checkbox"/>            | Affects PG&E Corporation                 |
| <input type="checkbox"/>            | Affects Pacific Gas and Electric Company |
| <input checked="" type="checkbox"/> | Affects both Debtors                     |

Date: April 13, 2022  
 Time: 10:00 a.m.  
 Ctrm: 17  
 Judge: Dennis Montali

1 Before the Court is the California Department of Water Resources' Motion for Order  
2 Determining that The Castle Rock Agreement with PG&E Cannot be Assumed and that The  
3 Department of Water Resources' Claim No. 78104 be Paid (the "DWR Motion")<sup>1</sup> (Dkt. No. 11887)  
4 and the Motion of the Reorganized Debtors for Entry of an Order Modifying Plan Injunction and  
5 Compelling Arbitration of Claim of California Department of Water Resources (the "Debtors'  
6 Motion") (Dkt. No. 11896) in the above captioned chapter 11 cases; and this Court having issued  
7 its Memorandum Decision Regarding Dispute Between Debtors and the California Department of  
8 Water Resources (Dkt. No. 11999) granting the DWR Motion and denying the Debtors' Motion by  
9 orders at Docket Nos. 12000 and 12001, respectively, and setting a further briefing schedule; and  
10 the Court having considered and denied the Notice of Appearance and Ex Parte Application for  
11 Order Authorizing City of Santa Clara, dba Silicon Valley Power and Northern California Power  
12 Agency to Intervene and File a Response to California Department of Water Resources' Motion  
13 for Order Determining that The Castle Rock Agreement with PG&E Cannot be Assumed and that  
14 The Department of Water Resources' Claim No. 78104 be Paid (Dkt. 12024 and 12054); and the  
15 Court having considered the further briefing by the Debtors (Dkt. No. 12076) and DWR (Dkt. Nos.  
16 12129 and 12129-1); and the Court having issued its Tentative Ruling Re Dispute Between Debtors  
17 and the California Department of Water Resources ("Tentative Ruling") (Dkt. No. 12147); and the  
18 Court having held hearings on March 2, 2022, and April 13, 2022, to consider the arguments and  
19 objections of the parties; and this Court, for the reasons stated by this Court on the record at the  
20 hearings, having determined that the ruling in the Court's Tentative Ruling should become the final  
21 ruling, and after due deliberation and sufficient good cause appearing therefor,

22 IT IS HEREBY ORDERED THAT:

- 23 1. The issue of DWR's liability for removal costs under the Castle Rock Agreement  
24 was properly before the Court based on the DWR Motion, the Debtors' Motion and the other  
25 pleadings and argument made to the Court in these proceedings;
- 26 2. There are no material facts in dispute;

27  
28 <sup>1</sup> Capitalized terms used but not otherwise herein defined shall have the meanings ascribed to such  
terms in the DWR Motion.

1           3.     DWR's interpretation of the applicable sections of the Castle Rock Agreement is  
2 correct;

3           4.     DWR does not owe any estimated future removal costs or anything else to Debtors  
4 and the remaining cotenants (City of Santa Clara dba Silicon Valley Power and Northern California  
5 Power Agency) under the Castle Rock Agreement; and

6           5.     There are no damages to be assessed, by this Court or by arbitration, under that  
7 agreement.

8           IT IS HEREBY FURTHER ORDERED that, except as to the rulings made herein, the Court  
9 is not making any ruling as to any dispute between DWR on the one hand, and the City of Santa  
10 Clara dba Silicon Valley Power and Northern California Power Agency on the other, under the  
11 Transmission Services Agreement between those parties, which issues shall be dealt with outside  
12 this Court.

13           IT IS HEREBY FURTHER ORDERED that the Court retains jurisdiction to hear and  
14 determine all matters arising from or related to the implementation, interpretation, or enforcement  
15 of this Order. This Order shall be immediately effective and enforceable upon its entry.

16 **APPROVED AS TO FORM**

17 KELLER BENVENUTTI KIM LLP

18   
19 \_\_\_\_\_  
Jane Kim, Attorneys for Debtors  
and Reorganized Debtors

20                               \*\*END OF ORDER\*\*  
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